

FISCAL MEMORANDUM

HB 2355 – SB 2329

June 11, 2007

SUMMARY OF AMENDMENT (009879, 010104): Amendment 009879 deletes the authorization for \$82.0 million in bonds for the purpose of acquiring land easements and for purchasing land for the Cumberland Mountain Conservation Project, and adds the authorization for \$3.7 million in bonds for acquisition of sites and existing structures for expansion purposes for the Tennessee Board of Regents on the behalf of Middle Tennessee State University. Amendment 010104 (1) reduces the authorization for bonds, the proceeds of which would be expended for capital outlay, from \$228.0 million to \$103.0 million, and (2) adds authorization for \$1.5 million in bonds, the proceeds of which would be expended for the purpose of a grant to the Warren County Utility District for construction costs related to waterline improvements.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$50,473,000 - 1st Year Debt Service
(Included in the Governor's FY07-08 Budget Document)

Other Fiscal Impact – Approximately \$770,000 in additional first-year debt service will be provided by University of Memphis funds. This funding is included in the Governor's FY07-08 Budget Document.

\$759,438,000 Over life of the bonds
\$465,913,000 Principal
\$293,525,000 Interest

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures - \$27,660,000 - 1st Year Debt Service

(The administration amendment to the appropriations bill reduces the first-year debt service included in the Governor's FY07-08 Budget Document from approximately \$50,473,000 to \$27,660,000).

Other Fiscal Impact – Approximately \$770,000 and \$400,000 in additional first-year debt service will be provided by the University of Memphis and Middle Tennessee State University respectively. This

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funding is included in the administration amendment to the appropriations bill.

\$427,215,000 Over life of the bonds

\$262,095,000 Principal

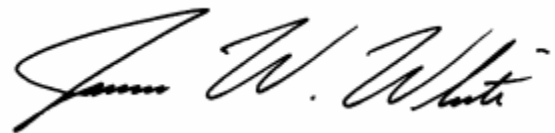
\$165,120,000 Interest

Assumptions applied to amendment:

- All projects authorized by this act shall be approved by the State Building Commission and are included either in the Governor's FY07-08 Budget Document or within the administration amendment to the appropriations bill.
- Bonds may be designated as college savings bonds pursuant to the Baccalaureate Education Savings for Tennessee Act.
- Cost of issuance is estimated at 1% of face value.
- Principal (\$259,500,000) plus cost of issuance (\$2,595,000) is \$262,095,000.
- Bonds will be issued for a period of 20 years at an interest rate of 6% and 1/20th of the principal plus interest will be paid annually.
- According to F&A, there will be no debt service savings associated with the cancellation of the bonds authorized in 2003.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc